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### 2. TITO'S RETURN WITH KHRUSHCHEV TO THE USSR

Tito's return with Khrushchev--''to spend several days resting on the Black Sea"-is an obviously hasty decision and suggests that the problems between Moscow and Belgrade over the Satellites have reached a point where wider participation among Communist leaders is required for a decision. Moscow radio. according to press accounts, has announced that leading politburo members including Bulganin and Shepilov and other top Soviet officials are at the Black Sea resort of Sochi. Tito's trip may mean that some type of compromise concerning at least the short-term aspect of future Satellite "evolution" was worked out during Khrushchev's eight-day stay. In this case, Tito is presumably going to work out the solution in detail with the Soviet leaders and possibly with Satellite leaders returning from the Chinese Communist 25X1 Party Congress. This could include some agreement on an international organization to guide world Communist activities. 25X1 It is possible that Khrushchev himself may

be convinced that Tito is right in his views on Satellite evolution--at least on the necessity for continued far-reaching. gradual changes. In that case, Khrushchev may hope that Tito can convince other Soviet leaders of the necessity of allowing the Satellites to develop more independent policies.

Finally, Khrushchev's talks with Tito may not have resolved their differences. Khrushchev may hope

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that a discussion with other Soviet leaders, and possibly with Satellite leaders, may convince Tito that de-Stalinization must be held back because of its inherent threat to the 25X1A existence of the Communist regimes in Eastern Europe.

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### 3. POLES PRAISE YUGOSLAV INDEPENDENCE

The Polish press and radio are giving considerable prominence to statements praising Yugoslavia's independence and economic practices. The Polish party daily Trybuna Ludu recently quoted the leader of the Polish parliamentary delegation to Yugoslavia as praising Yugoslavia for "independent thinking on problems of the construction of socialist forms

of life," and for having the "courage to conduct independent experiments in this field." The deputy minister of labor, in comparing the degree of democracy in the two countries, observed that Yugoslavia was ahead of Poland in the economic sphere but not in the political sphere.

A recent radio program advocated the Yugoslav practice of establishing workers' councils which would run the factories with a minimum of control from above. Such councils would have wide latitude in purchasing raw materials, planning production, and marketing the finished product, particularly as regards sales abroad. A prominent Polish economist has gone even further and advocated reliance on a market economy to guide production.

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Comment

show disregard for the reported Soviet warning of 3 September against using Yugoslavia rather than the USSR for a model, and reflect the strong sense of independence among high Polish party officials. Since July when Bulganin advised the Polish press to curb its outspoken attitude, the press has expanded its criticism to include some aspects of Soviet-Polish relations.

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## 4. JAPAN NOT EXPECTED TO JOIN SUEZ CANAL USERS' ASSOCIATION AT THIS TIME

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Ambassador Allis	Japanese policymakers will recommend to the cabinet that Japan not join the Suez Canal Users' Association at this time, with the understanding that Tokyo pending on the results of UN discussions on notes that Japan's position is shaped id offending either the West or the Asian-

Allison comments that since Japan is not a member of the UN, by deferring to the UN procedure it can evade initially taking sides on the problem and that in giving subsequent support to a UN decision the Japanese would be aligned with a supranational authority rather than with a partisan group. Even Japanese favorable to the Western position desire an "exposure" of Soviet designs at the UN before Japan takes a stronger stand.

Japan is under little economic pressure to expedite a solution since increased shipping costs from European countries resulting from the Suez situation improve Japan's competitive position in Asian markets.

Comment The Japanese position reflects an overriding desire to overcome Japan's diplomatic isolation by being friends to all. Japanese public
opinion in general supports Egyptian "anticolonialism"
and is critical of any hint that either side will use force.

	No 2	Asian or	Afric	can natio	n has	joined
the users'	association,	but Iran	and I	Ethiopia	have	indicated
an intentio	on to do so. [					
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